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IN THE

Supreme Court of the United States

TRAFFIX DEVICES, INC.,

Petitioner,

v.

MARKETING DISPLAYS, INC.,

Respondent.

ON WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

BRIEF FOR RESPONDENT

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STATEMENT PURSUANT TO RULE 29.6

Respondent, Marketing Displays, Inc., has no parent corporation and no publicly held company owns 10% or more of its stock.

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INTRODUCTION

The existence of an expired patent should not exonerate calculated acts of deception. TrafFix's *per se* rule would frustrate the purposes of the Lanham Act by extending the "right to copy" to abolish otherwise protectable product designs at the risk of confusing or misleading consumers. The right to copy the subject matter of an expired patent is not absolute. It has always and consistently yielded to "other federal statutory protection" or compelling interests. *Compco Corp. v. Day Brite Lighting, Inc.*, 376 U.S. 234, 238 (1964); *Patterson v. Kentucky*, 97 U.S. 501, 505 (1878). If MDI's patents had never existed, neither would have TrafFix's after-the-fact justification for its acts.

Distinctive, nonfunctional trade dress is protectable. *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 169 (1995). There is no Constitutional, statutory, or overriding policy requirement that *per se* forecloses federal trade dress protection for subject matter disclosed or claimed in an expired patent. Quite simply, the "law of unfair competition . . . [is] consistent with the balance stuck by the patent laws." *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 166 (1989).

Further, the prohibitive rule urged by TrafFix would not simplify trade dress law, but instead make it more complex and difficult to administer. The proposed "clear and predictable" rule would turn trade dress cases into patent cases requiring claim interpretation as a prerequisite in determining the availability of trade dress protection. Under TrafFix's absolute rule, innovation, investment and patent disclosures could be limited — to the detriment of both intellectual property owners and the public. A proposed rule that conditions trade dress protection on the disclosure of a patent, creates an unintended relationship between the patent and trademark laws that is not dictated by law or policy.

COUNTER STATEMENT OF THE CASE

Petitioner, TrafFix Devices, Inc.'s ("TrafFix"), statement of the case omits details which are important for a full consideration by this Court. Accordingly, Respondent, Marketing Displays, Inc. ("MDI"), offers the following Counter Statement.

For nearly twenty-five years prior to TrafFix's entry into the market, MDI had successfully marketed and sold throughout the United States a spring mounted, wind-resistant sign stand under the name "WindMaster." (Pet. App. 2a, 26a, 69a-70a.) MDI began using "WindMaster" as a trademark in the late 1960s and secured a Federal Trademark Registration for the mark in 1977 (Registration No. 1,068,875). (J.A. 46.) That registration is now incontestable. *See* 15 U.S.C. § 1065. MDI began selling the "WindMaster" sign stands in the late 1960s. For many years the only "WindMaster" sign stand sold was a "business-type" product that had a significantly different "look" from the "traffic-type" "WindMaster" sign stand trade dress at issue in this case. It was not until about 1976 that MDI first introduced its "traffic-type" "WindMaster" sign stand.

A. The MDI Patent Litigation: *Sarkisian v. Winn-Proof Corp.*

In 1972, MDI secured two patents on various features of its business-type "WindMaster" sign stands. These are U.S. Patent Nos. 3,646,696 and 3,662,482.[1] (L41, 45.) The key aspects of the '696 patent, as defined by its claims, are as follows:

1) Generally parallel "ground engaging members" (to provide a stable base);

1. Copies of the drawings from the two MDI patents are included in the Lodging Appendix to this Brief. (Resp. L. App. Tabs 1-2.)

2) Spaced apart coil springs (to prevent twisting of the sign frame);

3) An upstanding frame-type sign structure (to hold large advertisements); and

4) An initial compression between the coils of the springs (in order to prevent the sign from fluttering in light winds).

The '482 patent was a continuation-in-part of the '696 patent, and had the following key features recited in the claims:

1) A geometric relationship — defined mathematically in the claims as $W_f(Da\text{-}Db)<W_bD_b$ — between the center of gravity of the sign and the length of the legs which allowed the frame structure to bend over in high winds without the sign stand tipping over or sliding along the ground; and

2) "Spring means" connected at two spaced apart locations.

After a lengthy and expensive court proceeding through trial and appeal, a sign stand having a similar appearance to the "WindMaster" traffic-type sign stand at issue herein was found to infringe both the '696 and '482 patents under the Doctrine of Equivalents.[2] The infringing sign stands had initial compression between the coils of the coil springs as required by the '696 patent, and met the geometric relationship and spaced-apart springs requirements of the '482 patent. The "look" of the accused products was not at issue. Indeed, the appearance and structure of the Winn-Proof sign stands were completely different than the "business-type" sign stands depicted and described in the patents.

2. *See Sarkisian v. Winn-Proof Corp.*, 203 U.S.P.Q. 60 (D. Or. 1978), *aff'd in part, rev'd in part*, 697 F.2d 1313 (9th Cir. 1983).

In the *Winn-Proof* case, the Court of Appeals for the Ninth Circuit upheld the District Court's finding of infringement under the Doctrine of Equivalents and found that the MDI invention was "unusual and surprising." *Winn-Proof*, 697 F.2d at 1318, 1320. The Court of Appeals particularly noted that if a sign stand satisfied the geometric formula and relationship set forth in the '482 patent, the base itself could be "virtually weightless" — that is, the sign did not have to rely upon the weight of the base for stability in high winds as previous sign stands required. *Id.*

B. The Unfair Competition Case: *MDI v. TrafFix*

TrafFix's unfair competitive acts were the impetus for the present lawsuit. TrafFix's founder, Jack Kulp, was a former "WindMaster" distributor and was admittedly aware that the "WindMaster" trademark and trade dress were well received in the industry. (Pet. App. 11a, 70a.) Mr. Kulp was also aware of the substantial commercial success enjoyed by the "WindMaster" mark and sign stands. *Id.* TrafFix decided to copy the appearance of MDI's "WindMaster" sign stand by sending one to Korea for duplication.[3] (Pet. App. 3a, 27a, 70a.) In furtherance of its copying objective, TrafFix then marketed its identical looking sign stand under the infringing name "WindBuster" to the same customers and through the same channels of trade. These actions caused widespread confusion in the marketplace and threatened MDI's investment and sales. (Pet. App. 81a-82a.)

The specific trade dress here at issue is not shown or described in either of the two MDI patents which were the subject of the *Winn-Proof* litigation. Indeed, MDI's sign stands themselves were not at issue in the *Winn-Proof* litigation.

3. For the Court's convenience, brochures illustrating MDI's and TrafFix's products are included in the Lodging Appendix to this Brief. (Resp. L. App. Tabs 3-4.)

In this case, MDI's "WindMaster" trade dress is a combination of several different features:[4]

1) A narrow base;

2) Four legs in an X-shape configuration;

3) Two closely spaced coil springs;

4) A single upright, for holding a sign; and

5) A traffic-type sign. (Pet. App. 29a.)

Every other competitor in the industry — except for TrafFix — developed their own innovative sign stands which had different structures and appearances, and yet which performed equivalently in high winds. Some of these sign stands also were less expensive than MDI's. These competitors included Dickie Tool Co., Eastern Metals of Elmiria, Sign-Up Corp., Korman Signs, Work Area Protection, and Services & Materials. (Pet. App. 86a-87a; L38-39.) The competitors' sign stands utilized unique single spring designs or other resilient mechanisms to achieve similar utility to MDI's "WindMaster" sign stand. None of the competitors copied MDI's trade dress, however, or otherwise tried to "pass off" their goods by using a confusingly similar trademark.[5]

To protect its interests, MDI filed suit in the United States District Court alleging trademark and trade dress infringement under the Lanham Act, and related acts of unfair competition.

4. Courts must view the asserted trade dress as a whole, not as a collection of individual features. *Mana Prods., Inc. v. Columbia Cosmetics Mfg.*, 65 F.3d 1063, 1069 (2d Cir. 1995). *See* the MDI brochure. (Resp. L. App. Tab 3.)

5. Eastern Metals of Elmira does make one sign stand model which infringes MDI's trade dress, but does so under license from MDI which inures to MDI's benefit. (J.A. 89.)

(J.A. 23.) The Sixth Circuit Court of Appeals affirmed the District Court's finding of trademark infringement and the dismissal of TrafFix's anti-trust counterclaim. (Pet. App. 1a.) The Appellate Court also reversed the District Court's dismissal of MDI's trade dress claim. The only issue before this Court is the propriety of MDI's trade dress infringement claim.

Several findings of the District Court in this case, as affirmed by the Court of Appeals for the Sixth Circuit relative to TrafFix's actions and the facts of this case, are noteworthy:

- The "WindMaster" trademark was a "strong" mark, having widespread promotion and recognition, having been used for over 20 years, and having associated sign stand sales of over $28 million; (Pet. App. 78a-79a.)

- TrafFix's "WindBuster" product was "virtually identical" to the "WindMaster" product and TrafFix's argument that the two sign stands were different was found to be "not credible"; (Pet. App. 79a-80a.)

- A "clear likelihood of confusion" existed between the "WindMaster" and "WindBuster" marks; (Pet. App. 84a) and

- TrafFix admitted that there were several competitors who marketed sign stands in direct competition with both TrafFix and MDI, and that none of the competitors' sign stands had a similar spring mechanism or appearance. (Pet. App. 86a-87a.)

Several statements by the Court of Appeals for the Sixth Circuit are also noteworthy:

- Some actual confusion in the marketplace existed between the MDI and TrafFix sign stands; (Pet. App. 8a-10a.)

- TrafFix's explanation of how the "WindBuster" mark was selected "strained credulity"; (Pet. App. 11a.)

- There was "some evidence" suggesting that TrafFix misled its attorney who rendered an opinion indicating the name "WindBuster" could be used; (Pet. App. 11a.) and

- Considering the sign stand as a whole, and not just the dual-spring configuration, a reasonable juror could conclude that the "WindMaster" sign stand has obtained secondary meaning in the marketplace. (Pet. App. 16a.)

SUMMARY OF THE ARGUMENT

TrafFix's position on the issue before this Court is contrary to the weight of authority and the expressions of Congress. TrafFix's arguments rest in large part on broad statements from older Supreme Court opinions which have not been followed to the extent asserted, and have even been distinguished. TrafFix's assertion that the patent laws trump the trademark laws is contrary to decisions in four of the five Circuit Courts of Appeal which have ruled on the issue, including the Federal Circuit. *See Midwest Indus., Inc. v. Karavan Trailers, Inc.*, 175 F.3d 1356 (Fed. Cir.), *cert. denied*, 120 S. Ct. 527 (1999). TrafFix's position on the competitive-need test for legal functionality is likewise contrary to the unanimous decision by this Court in *Qualitex*, 514 U.S. 159, as well as the decisions from numerous Courts of Appeal. It is also contrary to the intent of Congress as evidenced by the legislative history of the Lanham Act. Finally, TrafFix's views on trademark/trade dress policies and law vs. patent policies and law cuts against the clear trend and standards set forth in Supreme Court decisions over the last two decades. *See Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992); *Qualitex*, 514 U.S. 159; *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 120 S. Ct. 1339

(2000); *Bonito Boats*, 489 U.S. 141; *Park 'n Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189 (1985); *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844 (1982).

Trademark and trade dress rights are part of the laws of unfair competition and are codified on the Federal level in Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). Trade dress rights protect distinctive, nonfunctional source identifiers. Patent rights protect inventions and stimulate innovation. These rights do not conflict in any way. Both the patent laws and Federal trademark and unfair competition laws are constitutionally grounded, and have coexisted for centuries without conflict since each has different policies and purposes, and each protects different rights and has different remedies.

Trademark and trade dress rights are not "monopolies." Enforcing trade dress rights in a product, which is either depicted, described or claimed in an expired patent will not "perpetuate" or "extend" the patent grant in any way. TrafFix is not prohibited from fairly competing against MDI's sign stands in the marketplace, and MDI is not insulated from competition if MDI's trade dress is upheld in this case.

TrafFix unquestionably attempted to trade on MDI's goodwill by infringing its "WindMaster" trademark and copying its sign stand. Rather than develop its own unique sign stand as all other competitors have done, TrafFix thought it would simply take advantage of the tremendous goodwill and commercial success enjoyed by MDI's sign stand. Now TrafFix attempts to justify its acts with the weak excuse that it was only copying MDI's expired patents. The existence of MDI's expired patents is irrelevant in this case, however, and cannot be used to excuse TrafFix's actions. TrafFix would not have been able to copy MDI's trade dress if the patents had never existed. The existence of the expired patents does not extinguish otherwise protectable trade dress rights. Such an excuse, if adopted, would result in grave consequences for producers and consumers who rely on

source identifiers, such as trademarks and trade dress, to distinguish between competitive products.

The requirements of acquired distinctiveness, nonfunctionality, and likelihood of confusion prevent trade dress rights from conflicting with patent rights. Ordinary or commonplace trade dress necessarily lacks distinctiveness, thereby precluding patent-like protection. Even if distinctive, however, trade dress is functional and not protectable if competitors need to use the asserted trade dress in order to effectively compete in the marketplace. *Qualitex*, 514 U.S. at 169-70. Finally, the standards of trade dress infringement and the remedies available provide fertile grounds for avoiding patent-like protection.

The "right to copy" cannot be expanded to eviscerate distinctive, nonfunctional source identifiers. It is not an absolute right. *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169 (1896) and its progeny make it clear that the right to copy is subject to other rights in the form of trademarks, trade dress, and trade secrets, and other compelling interests, such as state police powers. No legal authority supports TrafFix's sought-after absolute right to copy anything that has entered the public domain via patent disclosure.

Not only is a *per se* rule legally unwarranted and logically unjustified, it would have calamitous effects on trade dress owners, litigants and the law of trade dress. Trade dress rights in existing product shapes could be lost due to their reference in a patent. Moreover, litigants attempting to enforce trade dress rights would have to defeat numerous challenges based on the asserted scope of claims in expired patents. Every defendant in a trade dress case would scour the patent universe to find a drawing, description or claim, which arguably covers the asserted trade dress. Trade dress actions would turn into diversionary patent actions and courts would be required to construe patents and patent claims.

In sum, TrafFix's position is supported only by a skewed view of policy, rather than the realities of reason, case law and the marketplace. The judgment below should be affirmed.

ARGUMENT

I. THE LAWS OF UNFAIR COMPETITION DO NOT CONFLICT WITH THE PATENT LAWS AS EACH PROTECTS DIFFERENT RIGHTS

A. The Two Bodies Of Law Have Coexisted For Over Two Centuries

The law of unfair competition has "coexisted with federal patent protection for almost 200 years, and Congress has given no indication that [its] operation is inconsistent with the operation of federal patent laws." *Bonito Boats*, 489 U.S. at 166. "Indeed, there are affirmative indications from Congress that both the law of unfair competition and trade secret protection are consistent with the balance struck by the patent laws." *Id.* Understanding that the "copyright, patent, and trademark laws stem from different concepts and offer different kinds of protection, which are not mutually exclusive," alleviates the exaggerated perception of a conflict, and provides the principal means by which courts can insure the integrity of both bodies of law. *Application of Penthouse Int'l Ltd.*, 565 F.2d 679, 683 n.3 (C.C.P.A. 1977). In each case demonstrating such an understanding, the "courts have consistently held that a product's different qualities can be protected simultaneously, or successively, by more than one statutory means for protection of intellectual property."[6] *Kohler Co. v. Moen, Inc.*, 12 F.3d 632,

6. *See, e.g., Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974), where state protection of trade secrets was held not to frustrate the objectives of the federal patent law. The "nature and degree" of state protection "did not conflict" with the federal policies of encouragement of patentable invention and the prompt disclosure (Cont'd)

638 (7th Cir. 1993). In particular, numerous courts have held "that a product may be entitled to trade dress protection for distinctive, nonfunctional features, even if the product is or has been, the subject of a patent."[7] *Midwest*, 175 F.3d at 1364.

In fact, all of the various intellectual property rights, including patents, copyrights, trademarks, trade dress and trade secrets, can exist concurrently in the same product without trespassing on each other. In a computer, for example, patent protection can be secured on a hardware component (such as a disc drive), copyright protection can be secured on the software source code, trademark rights can be secured on the names of the products and components, trade dress rights can be secured on its external shape (e.g., Apple's new "iMac" computer), and trade secret rights can exist in the manufacture of the microprocessor or hardware component. The fact that a patent application for the hardware component mentions the source code, describes the method of operation, discloses the name of the product or components, or depicts the external shape and design of the computer and/or components, should not negate any of these other rights.

(Cont'd)
of such innovations. *See also Inwood Labs.*, 456 U.S. 844, where § 43(a) was held to prohibit a broad range of practices, including unfair competition.

7. The Federal Circuit supported its statement with the following case citations: *Pebble Beach Co. v. Tour 18, Ltd.*, 155 F.3d 526, 548, 549 n.16 (5th Cir. 1998); *Thomas & Betts Corp. v. Panduit Corp.*, 138 F.3d 277, 287-89 (7th Cir.), *cert. denied*, 525 U.S. 929 (1998); *Ferrari S.P.A. Esercizio Fabriche Automobili E. Corse v. Roberts*, 944 F.2d 1235, 1241 (6th Cir. 1991); *Ideal Toy Corp. v. Plawner Toy Mfg. Corp.*, 685 F.2d 78, 81 (3d Cir. 1982); *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 203 (2d Cir. 1979); *Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1214-15 (8th Cir. 1976); and *Pachmayr Gun Works, Inc. v. Olin Mathieson Chem. Corp.*, 502 F.2d 802, 806-07 (9th Cir. 1974).

The harmonious balance between trade dress rights and patent law is not upset in this case, and a careful examination of the purposes, rights and remedies associated with each body of law reveals that MDI's expired patent rights do not, *per se*, foreclose trade dress rights in its "WindMaster" traffic-type sign stands.

B. Both The Patent Laws And Unfair Competition Laws Are Constitutionally Grounded

The genesis of patent law is embodied in the Constitution wherein the framers declared that "[t]he Congress shall have the power . . . [t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. Const. art. I, § 8, cl. 8. Prior to the first Patent Act, however,

> [t]he right to adopt and use a symbol or device to distinguish the goods or property made or sold by the person whose mark it is, to the exclusion of the use of that symbol by all other persons, [had] long been recognized by the common law and the chancery courts of England and of this country, and by the statutes of some of the states.

United States v. Steffens (The Trade-Mark Cases), 100 U.S. 82, 92 (1879). "The law of unfair competition has its roots in the common-law tort of deceit: its general concern is with protecting *consumers* from confusion as to source." *Bonito Boats*, 489 U.S. at 157 (emphasis in original). Acting under the authority of the Commerce Clause, U.S. Const. art. I, § 8, cl. 3, Congress, over 50 years ago, passed the Lanham Act, 15 U.S.C. § 1051 *et seq.*, "to codify and unify the common law of unfair competition and trademark protection." *Inwood Labs.*, 456 U.S. at 861 n.2 (J. White concurring); *see also Two Pesos*, 505 U.S. at 777-84 (J. Stevens concurring), and 785-87 (J. Thomas concurring).

Trademark and trade dress laws are within the umbrella of unfair competition laws codified in the Lanham Act. *Two Pesos*, 505 U.S. at 768.

Since, both patent law and the law of unfair competition are federal laws authorized by the Constitution, it is assumed that they are "capable of coexistence, [and] it is the duty of the courts, absent a clearly expressed congressional intention to the contrary, to regard each as effective." *Morton v. Mancari*, 417 U.S. 535, 551 (1974). In other words, "federal trademark protection cannot be preempted by patent law." *Thomas & Betts*, 138 F.3d at 285. Thus, contrary to the dissenting comments relied upon by TrafFix, the existence of the constitutionally grounded patent laws and trade dress laws do not preclude trade dress rights in this case.

C. The Policies And Purposes Of Each Body Of Law Are Significantly Different

The purposes served by trade dress law are broader and different than the purposes of patent law, yet both trade dress law and patent policy seek the same end — robust and fair competition. First, the Lanham Act serves to foster competition by "protect[ing] the ability of consumers to distinguish among competing producers." *Park 'N Fly*, 469 U.S. at 198; *Two Pesos*, 505 U.S. at 774. Second, the Lanham Act serves to avoid confusion among consumers as to the source or origin of goods and services.[8] The Lanham Act also encourages "the maintenance of quality by securing to the producer the

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8. *See* 15 U.S.C. § 1127 (the statute "make[s] actionable the deceptive and misleading use of marks in . . . commerce" and "prevent[s] fraud and deception in . . . commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks."); S. Rep. No. 100-515 (1988), *reprinted in* 1988 U.S.C.C.A.N. 5577, 5580 (Lanham Act allows consumers to "identify brands they prefer and [to] purchase those brands without being confused or misled.")

benefits of a good reputation." *Id.* In this regard, the protection of trademarks and trade dress protects the investment made by the owner, creates incentives for continued investment and product improvement by the owner, and benefits the public by encouraging competitors to develop alternative, improved, and less expensive products. *See Kohler*, 12 F.3d at 643-44. Finally, the Lanham Act, maintains healthy competition by "protect[ing] persons engaged in [federally regulated] commerce against unfair competition."[9] All of these policies can be summarized as helping to stimulate competition by providing consumers with a means to readily identify the sources of goods and services in the marketplace,[10] and "[t]he heart of our national

9. *See* 15 U.S.C. § 1127 (the statute serves "to protect persons engaged in [federally regulated] commerce against unfair competition"); S. Rep. No. 79-1333 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274, 1274 ("[W]here the owner of a trade-mark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats. This is the well-established rule of law protecting both the public and the trade-mark owner.").

10. In economic terms, trademark and trade dress rights reduce consumer "search costs" by allowing consumers to distinguish products that, in the absence of a trademark, would appear identical but in fact have different qualities. Search costs are factors unrelated to price which include the costs of knowing where to obtain the product, the costs of knowing the price of the product at different outlets, and the costs of knowing the quality of the product relative similar products offered by other producers. *See Qualitex*, 514 U.S. at 163-64. High search costs resulting from a lack of distinctiveness among competing products inhibits competition because consumers will be less likely to consider substitute products. In contrast, low search costs resulting from shorthand source identifiers such as trademarks permit consumers to obtain more complete information about a product's relative price and quality, thereby stimulating producers to keep their price and quality competitive. Opderbeck, *An Economic Perspective On Product Configuration Trade Dress*, 24 Seton Hall Legis. J. 327, 360 (2000) (citing Landes and Posner, (Cont'd)

economic policy long has been faith in the value of competition." *Standard Oil Co. v. Fed. Trade Comm'n*, 340 U.S. 231, 248 (1951); *United States v. Philadelphia Nat'l Bank*, 374 U.S. 321, 372 (1963) ("[C]ompetition is our fundamental national economic policy."). Thus, the law of trade dress directly advances the fundamental economic policy of the United States.

The rationale of the patent system is different. Patent law has been an exception to the rule of free competition for over 350 years, since the Statute of Monopolies prohibited exclusive grants, subject to an exception for novel or imported inventions.[11] Thus, the focus of the patent system is to promote the progress of Science and useful Arts through "the protection of producers as an incentive to product innovation." *Bonito Boats*, 489 U.S. at 157. The patent system also seeks to promote disclosure of inventions to stimulate further innovation. *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 262 (1979). In sum, both trade dress protection and patent policy seek the same end — robust and fair competition and the resulting benefit to the public.[12]

(Cont'd)
Trademark Law: An Economic Perspective, 30 J. Law and Econ. 265, 269 (1987)). In sum, "[a] principal economic function of trademarks and trade dress is to lower search costs by associating consistent price and quality with a particular brand name or package design." *Id.*

11. The Statute of Monopolies created an exception for "any letters patent and grants of privilege for the term of fourteen years or under, hereafter to be made of the sole working or making of any manner of new manufactures within this realm, to the true and first inventor and inventors of such manufactures." 21 James I, c.3, VII Statutes at Large 255. Also reprinted in 1 Deller, *Walker on Patents* (Deller's Ed.) at 18-21 (New York 1937).

12. "Trade symbol law seeks that end by specific and limited means, namely, protecting the reliability of shorthand source identifiers in the marketplace, while patent law seeks it by providing (Cont'd)

D. Trade Dress Rights Do Not Upset The Constitutional Basis Underlying Patent Policy

The salient difference between the doctrines of patent and trade dress law lie in the requirements for protection. Congress and the courts have developed strict prerequisites for federal trade dress protection which, when properly applied, safeguard the integrity of patent policy.

1. Patent Rights Protect Inventions

The patent laws seek to promote the "progress of Science and useful Arts" by providing incentives for innovation and disclosure of new inventions. U.S. Const. art. I, § 8, cl. 8; *Aronson*, 440 U.S. at 262. Not all inventions are patentable, however. In order to be awarded a patent, an invention must pass the rigorous tests of being new, useful, and nonobvious. 35 U.S.C. §§ 101, 102, 103. *Bonito Boats*, 489 U.S. at 150. Those inventions meeting these statutory requirements are granted a limited period of exclusivity. 35 U.S.C. §§ 154(a)(2), 271(a). The right is exclusionary, not permissive. A patent does not grant its owner the right to make or market a product. "The franchise which the patent grants, consists altogether in the right to exclude every one from making, using, or vending the thing patented, without the permission of the patentee. This is all that he obtains by the patent." *Bloomer v. McQuewan*, 55 U.S. 539, 549 (1852). Furthermore, the boundary of the exclusive grant "is limited by the . . . scope of the patent claims." *Dawson Chemical Co. v. Rohm & Haas Co.*, 448 U.S. 176, 221 (1980).

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incentives for innovation — one of the mainsprings of competition in modern commerce." Dratler, *Trade Dress Protection For Product Configurations: Is There A Conflict With Patent Policy?*, 24 AIPLA Q. J.427, 446 (1996).

2. Trade Dress Rights Protect Source Identifiers

Trademarks and trade dress are subjects of the unfair competition laws codified in § 43(a) of the Lanham Act. *See Two Pesos*, 505 U.S. at 768; *Wal-Mart*, 120 S. Ct. at 1342-43. A trademark is defined in 15 U.S.C. § 1127 as including "any word, name, symbol, or device or any combination thereof . . . used by a person . . . to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown."

"Trade dress" is classified as a "symbol" identifier, and courts have consistently recognized that "symbols" such as product designs can constitute protectable trade dress under the Lanham Act.[13]

In contrast to the nature of patent rights, trade dress protection is available only if the elements of (1) acquired distinctiveness, (*i.e.*, secondary meaning), (2) nonfunctionality, and (3) likelihood of confusion, are shown. *Two Pesos*, 505 U.S. at 769-70. The disparate criteria necessary to acquire trade dress rights and patent rights safeguards the constitutional mandate that "discoveries" be protected for only "limited Times."

a. Only Distinctive Trade Dress Is Protectable

The first important requirement, namely distinctiveness — also known as secondary meaning — helps protect patent policy

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13. *See, e.g., Two Pesos*, 505 U.S. 763 (1992) (restaurant appearance); *Qualitex*, 514 U.S. 159 (1995) (a color); *Kohler*, 12 F.3d 632 (7th Cir. 1993) (a faucet); *Imagineering, Inc. v. Van Klassens, Inc.*, 53 F.3d 1260 (Fed. Cir.), *cert. denied*, 516 U.S. 929 (1995) (furniture); *Ashley Furniture Indus., Inc. v. Sangiacomo N.A., Ltd.*, 187 F.3d 363 (4th Cir. 1999) (bedroom furniture); *Knitwaves, Inc. v. Lollytogs, Ltd.*, 71 F.3d 996 (2d Cir. 1995) (sweaters); and *Stuart Hall Co. v. Ampad Corp.*, 51 F.3d 780 (8th Cir. 1995) (notebooks).

from trade dress trespass. Acquired distinctiveness necessarily requires that the product in question be used in commerce as a source identifier, otherwise, "the trade dress would not 'cause confusion . . . as to the origin, sponsorship, or approval of [the] goods,' as [§ 43(a)] requires." *Wal-Mart*, 120 S. Ct. at 1343. Acquired distinctiveness or secondary meaning typically arises after a long period of exclusive use in the marketplace, a substantial amount of investment in advertising, sale, and promotion of the product, and/or a resulting build up of goodwill and product quality reputation among consumers. *Thomas & Betts*, 138 F.3d at 291.

Conversely, if the trade dress is ordinary or commonplace, it weighs against a finding of secondary meaning. *See Mana Prods.*, 65 F.3d at 1069-70. In addition, industry custom, widespread third-party use, long disuse, close resemblance to something in the public domain, or utility can all cut against the likelihood that consumers will associate a product design with a single source.[14]

In the present case, secondary meaning in the MDI "WindMaster" traffic-type sign stands has been established by the significant advertising and sales of the sign stands, the sole and exclusive use of the sign stands for over twenty years, and

14. *See Mana Prods.*, 65 F.3d at 1069-70 ("[W]here it is the custom in a particular industry . . . trade dress done in that style is likely to be generic"); *EFS Mktg., Inc. v. Russ Berrie & Co.*, 76 F.3d 487, 489-91 (2d Cir. 1995) (numerous other producers of the same product made it unlikely "that they cannot be said to identify [plaintiff] as their particular source"); *L. & J.G. Stickley, Inc. v. Canal Dover Furniture Co.*, 79 F.3d 258, 264-65 (2d Cir. 1996) (long disuse created "a high hurdle to a Lanham Act plaintiff"); *Publications Int'l Ltd. v. Landoll, Inc.*, 164 F.3d 337 (7th Cir. 1998) (Utilitarian "features are by definition those likely to be shared by different producers of the same product and therefore are unlikely to identify a particular producer.")

the build up of an excellent reputation and recognition of the appearance in the marketplace. The last factor is shown in part by the admission of two of TrafFix's principal witnesses who testified that they recognized the "WindMaster" sign stands solely by the "look" of the sign stands. (J.A. 132-137, 138-143.) Prior to achieving acquired distinctiveness, however, third parties — including TrafFix — were free to use MDI's trade dress and thereby defeat MDI's rights.[15]

b. Trade Dress Must Be Nonfunctional

The requirement that trade dress be nonfunctional further protects the patent policies from encroachment by trade dress rights. The functionality doctrine protects against any anti-competitive consequences or disadvantages of enforcing trade dress rights under all circumstances — even when the trade dress in question was disclosed in an earlier patent. The functionality doctrine is an independent means by which trade dress protection can be denied. If the asserted trade dress is deemed "functional", it cannot be protected regardless of evidence of actual consumer identification of source or consumer confusion caused by an imitator. *Dorr-Oliver, Inc. v. Fluid-Quip, Inc.*, 94 F.3d 376 (7th Cir. 1996); *see also Qualitex*, 514 U.S. at 169; and *Two Pesos*, 505 U.S. at 775.

A product feature is functional if it is " 'essential to the use or purpose of the article, or if it affects the cost or quality of the article,' that is, if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage." *Qualitex*, 514 U.S. at 165 (quoting *Inwood Labs.*, 456 U.S. at 850 n.10). Quite simply, the functionality doctrine "serves to assure that competition will not be stifled by the

15. It would have been relatively easy to make an identical looking sign stand to MDI's traffic-type sign stand without infringing MDI's patents by eliminating initial compression from the coil springs or eliminating the geometric relationship defined by the claims.

exhaustion of a limited number of trade dresses." *Two Pesos*, 505 U.S. at 775. Thus, if constraints limit the available alternatives to the extent that others need the same trade dress in order to fairly compete, the product configuration or feature at issue is functional. *Id.* On the other hand, if the number of alternatives is sufficient that appropriation of one poses no great threat to competition, the trade dress is nonfunctional.

In *Qualitex*, the functionality doctrine was held to be sufficient to prevent a mark from being used anti-competitively. The "available alternatives test" for functionality as set forth in *Qualitex* has also been endorsed by Congress[16] and the Restatement as the definitive inquiry:

> [A] design is "functional" . . . if the design affords benefits in manufacturing, marketing, or use of the goods or services with which the design is used, apart from any benefits attributable to the design's significance as an indication of source, that are important to effective competition by others *and that are not practically available through the use of alternative designs*.

Restatement (Third) Of Unfair Competition § 17 comment b (1995) (emphasis added).

The same test has been applied by several Circuit Courts of Appeals. *See, e.g., Fun-Damental Too Ltd. v. Gemmy Indus. Corp.*, 111 F.3d 993, 1002 (2d Cir. 1997) (design was nonfunctional based on evidence of two alternative designs, viable alternatives to certain features, and failure to show that protection of trade dress would put defendant at "significant competitive disadvantage"); *Knitwaves*, 71 F.3d at 1006 (protecting plaintiff's fall motif for sweaters would not

16. "A functional feature of trade dress is one that is commonly used by similar businesses, protection of which would hinder competition." H.R. Rep. No. 250, 106th Cong., 1st Sess. (1999).

"significantly restrict the number of designs available" to competitors); *Insty*Bit, Inc. v. Poly-Tech Indus.*, 95 F.3d 663, 673-74 (8th Cir. 1996), *cert. denied*, 519 U.S. 1151 (1997) (although some features of plaintiff's trade dress may have been functional, summary judgment for defendant denied, where plaintiff "presented evidence that competing manufacturers have adopted different design features for their quick-change products"); *Tools USA and Equip. Co. v. Champ Frame Straightening Equip., Inc.*, 87 F.3d 654, 659 (4th Cir. 1996) (trade dress of catalog was nonfunctional, although information in it was functional, due to availability of alternative formats).

Defining legal functionality in terms of available alternatives provides an unambiguous test that addresses TrafFix's concerns in this case. It also makes the presence or absence of a patent, at best, only one factor in a functionality inquiry. If there is only one way for a product feature to induce a particular useful result, or create a particular ornamental impression, the alternatives test would render that embodiment unprotectable as trade dress. However, if a product feature has numerous alternatives (actual or theoretical) that serve the same useful purpose or provide the desired ornamental impression, then allowing the patentee to appropriate one design would not hinder competition in the relevant product market. To the contrary, it would prevent others from depriving the trade dress owner of its investment and goodwill, and denying the public of a distinctive source identifier necessary for informed and effective competition.

TrafFix has at times confused the "utility" required to secure a patent with the functionality doctrine (*i.e.*, legal functionality) pertaining to trade dress rights. These two concepts are significantly different and should not be confused. Every product has function or utility — whether patent protection and/or trade dress protection is being secured. If a product did not have utility, then there would be no reason or incentive for the manufacturer to make it, or for the purchaser to buy and use it. However, the

doctrine of legal functionality is completely different. It relates to the need of competitors to copy the product design in order to compete in the marketplace.[17]

c. The Standards For Trade Dress Infringement Further Protect Against Patent Policy Trespass

Although the requirements for distinctiveness and nonfunctionality are sufficient to avoid conflict with patent policy, the integrity of the patent system is further shielded by the differing standards for proving infringement under the patent and trade dress laws. Liability for trade dress infringement requires a demonstration that the defendant's conduct creates a "likelihood of confusion" among the relevant purchasing public. 15 U.S.C. § 1125(a)(1)(A). Mere copying or similarity between product configurations is not enough. In addition to similarity, the circumstances in which the trade dress is actually used in the marketplace must be sufficiently similar to create a likelihood of confusion. This requirement is embodied in the various multi-factor tests of the Courts of Appeal. For example, the Sixth Circuit has identified eight factors as defining the scope of the likelihood of confusion inquiry:

1. The strength of the plaintiff's mark;

2. the relatedness of the goods;

3. the similarity of the marks;

17. The amicus brief filed on behalf of the United States asks this Court to rule on the functionality issue. However, legal functionality depends on numerous factual questions which must be decided by the trier of fact. *Vuitton et Fils S.A. v. J. Young Enters, Inc.*, 644 F.2d 769 (9th Cir. 1981); *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332 (C.C.P.A. 1982); *In re Am. Nat'l Can Co.*, 41 U.S.P.Q. 2d 1841 (T.T.A.B. 1997). An affirmance of the Sixth Circuit decision in this case would remand the case to the District Court for, *inter alia*, precisely such an analysis.

4. evidence of actual confusion;

5. marketing channels used;

6. likely degree of purchaser care;

7. defendant's intent in selecting the mark; and

8. the likelihood of expansion of the product lines.

Frisch's Restaurants, Inc. v. Elby's Big Boy, 670 F.2d 642, 648 (6th Cir. 1982). Although none of these factors is determinative, the courts weigh the evidence produced as to each one in order to reach a conclusion on the likelihood of confusion issue.

Moreover, for trade dress infringement, the focus is not on individual trade dress elements, "but rather whether the two trade dresses' create the same general overall impression." *Bristol-Meyers Squibb Co. v. McNeil P.P.C., Inc.*, 973 F.2d 1033, 1046 (2d Cir. 1992). Because each of the above factors (as well as others used by the various Circuits) influences the analysis of trade dress infringement, "[s]imilarity in overall appearance alone cannot establish confusion as to source as a matter of law." *L.A. Gear Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117, 1130-31 (Fed. Cir.), *cert. denied*, 510 U.S. 908 (1993).[18]

In contrast, an infringement analysis under the patent law demands a focused examination of the allegedly infringing product in light of the patent claims. *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 373 (1996). The patent owner's commercial embodiment of the patented invention is irrelevant

18. "There is perhaps no standard in all of the law that is so fact dependent, and whose application so inevitably proceeds on a case-by-case basis, as the standard of likelihood of confusion in trademark law." Dratler, *Intellectual Property Law: Commercial, Creative, and Industrial Property*, § 10.01[2] (1991).

to the infringement analysis. "[The Federal Circuit] has repeatedly emphasized that an infringement analysis compares the accused product with the patent claims, not an embodiment of the claims." *Atlantic Thermoplastics Co. v. Faytex Corp.*, 970 F.2d 834, 846 (Fed. Cir. 1992).

3. Patent Remedies and Trade Dress Remedies are Substantially Different

The substantial differences between the remedy standards for patent and trade dress infringement help defeat TrafFix's assertion that trade dress protection is the equivalent of a perpetual patent. If a product infringes a patent claim, complete injunctive relief is the standard remedy. *See W.L. Gore & Assoc., Inc. v. Garlock, Inc.*, 842 F.2d 1275, 1281 (Fed. Cir. 1988) ("[A]n injunction should issue once infringement has been established unless there is a sufficient reason for denying it."); 35 U.S.C. §§ 271(a), 283. Moreover, a product either infringes a patent or it does not, there is no middle ground.

If the same product feature constitutes protectable trade dress, however, there are numerous circumstances under which others may use the trade dress without fear of infringement liability, due to the vagaries of the likelihood of confusion analysis. For example, any change in circumstance that eliminates the likelihood of confusion, abolishes the infringement. Courts can remedy trade dress infringement by ordering a change in one or more of those circumstances. Indeed, in appropriate cases, courts have required the use of disclaimers, house-marks or trade names, changes in product appearance, or corrective advertising to curtail the likelihood of confusion.[19] *See Frisch's*, 670 F.2d at 645; *Abbott Labs. v. Mead Johnson &*

19. Disclaimers and labeling, however, may not be sufficient. *See Bristol-Myers*, 973 F.2d at 1047. ("We do not mean to intimate that the distinctive elements of any trade dress may be freely appropriated as long as the junior user clearly identifies the source of the goods.")

Co., 971 F.2d 6, 22 (7th Cir. 1992). None of these remedies approach the equivalent of an injunctive patent remedy. Moreover, failing to provide a remedy — by seeking comfort in patent policy — when distinctive nonfunctional trade dress has been infringed, undermines the policy of trade dress protection at the cost of consumer confusion and deception.[20]

In this case, preventing TrafFix from selling its currently-fashioned "WindBuster" sign stand will not prevent TrafFix from competing and being successful in the marketplace. Numerous structural changes could be made to avoid infringing upon MDI's trade dress rights. Everyone — especially the public — would be the benefactors if such changes were made.

E. It Is Improper To Equate Trademarks With "Monopolies"

Labeling MDI's efforts to protect its trade dress as an improper attempt to extend its patent "monopoly" in violation of the Constitutional mandate reveals bias, not analysis. Patent grants are often deemed "monopolies," even though they are not in the economic sense. A monopoly exists when a firm in a defined market is able to control price and output for a specific product or service. When used pejoratively, "[t]he term 'monopoly' connotes the giving of an exclusive privilege for

20. As Professor Dratler put it,

> the narrow isthmus of remedies, not the broad plain of policy, is the ground on which trade dress battles should be fought. There is no need for sweeping modifications to the doctrine of distinctiveness, the doctrine of functionality, or the standard for trademark infringement, in order to accommodate trade dress protection for product configurations.

Dratler, *Trade Dress Protection For Product Configurations: Is There A Conflict With Patent Policy?*, 24 AIPLA Q. J. 427, 581 (1996).

buying, selling, working, or using something which the public once freely enjoyed prior to the grant." *United States v. Dubilier Container Corp.*, 289 U.S. 178, 186 (1933).[21] For most patented inventions, however, there exist a range of substitutes which prevent the patent owner from exerting exclusive power to control prices or output in any market. In this instance, there are at least six competitors to MDI's "WindMaster" sign stands. (Pet. App. 86a-87a; L38-39.) Since competitors do not need access to MDI's asserted distinctive features to compete, recognizing MDI's trade dress rights will not confer any monopoly power — odious or otherwise. Moreover, equating MDI's trade dress rights with an odious monopoly, implies an adverse value judgment as to the worth of trademarks in general.

The rights which flow from trademarks are useful and help both consumers and trademark owners. "In truth, a trade-mark confers no monopoly whatever in a proper sense, but is merely a convenient means for facilitating the protection of one's goodwill in trade by placing a distinguishing mark or symbol — a commercial signature – upon the merchandise or package in which it is sold." *United Drug Co. v. Theo. Rectanus Co.*, 248 U.S. 90, 98 (1918). (Pet. Brf. at 30, "unlike patent law — 'no monopoly is involved in trademark protection' ".)

II. THE "RIGHT TO COPY" SUBJECT MATTER DISCLOSED IN AN EXPIRED PATENT IS NOT ABSOLUTE

The "right to copy" is a general rule subject to many exceptions. It is a judicially created doctrine without expression in the U.S. Constitution or the Patent Act. It is a right drawn by negative implication from the "limited Times" provision of the

21. Such highly objectionable "odious monopolies" were an Elizabethan prerogative subject to exploitive abuse in the hands of corrupt courtiers. Waltersheid, *The Early Evolution of the United States Patent Law: Antecedents (Part 2)*, 76 J.P.T.O.S., 849, 863-65 (1994).

Patent Clause. In fact, there is "no provision of patent law, statutory or otherwise, that guarantees to anyone an absolute right to copy the subject matter of an expired patent." *Midwest Indus.*, 175 F.3d at 1362 (quoting, *In re Mogen David Wine Corp.*, 328 F.2d 925, 930 (C.C.P.A. 1964)). The right to copy the subject matter of an expired utility patent has always yielded to other equally compelling policies, such as the unfair competition laws or state police power interests.[22]

A. The Supreme Court Has Acknowledged That The "Right To Copy" Has Many Exceptions

In several older decisions, the Supreme Court used broad language which TrafFix has interpreted as completely foreclosing trademark rights in product features that have been disclosed in a patent. *See Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 185 (1896); *Kellogg Co. v. Nat'l Biscuit Co.*, 305 U.S. 111, 119-22 (1938); *Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249, 256 (1945); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), and *Compco*, 376 U.S. 234. These cases, however, have not been read as expansively as TrafFix would like this Court to do — and for good reason. None of them recognize an *absolute* right to copy. In fact, these cases recognize that other forms of intellectual property protection (e.g. trademarks and trade secret protection) — as well as unfair competition — are proper and can co-exist with the patent law.

Specifically, in *Singer*, even though the term "Singer" was held to be generic, the Court required that the defendant include "a plain and unequivocal indication of the origin of manufacture"

22. For example, in *Patterson*, the Supreme Court held that the "right to copy" was subordinate to state police powers. 97 U.S. at 505. Other exceptions to the general right to copy include a "blocking patent on the invention" or "state law . . . prohibiting the production of a patented invention (such as a radar detector or a gambling device)." Andelman, *Thomas & Betts Corp v. Panduit Corp.*, 14 Berkeley Tech. L.J., 229, 239 (1999).

on its sewing machines to prevent consumer confusion as to source. 163 U.S. at 202-04. Similarly, the Court in *Kellogg*, concluded that, although "the name 'Shredded Wheat', as well as the product, the process and the machinery employed in making the product, had been dedicated to the public", Kellogg nevertheless had an obligation "to identify its product lest it be mistaken for that of the plaintiff." 305 U.S. at 117-18, 120. Likewise, in *Sears*, Justice Black conceded that a State "may, in appropriate circumstances, require that goods . . . be labeled or that other precautionary steps be taken to prevent customers from being misled as to the source." 376 U.S. at 232. In *Compco*, the Court held that the "right to copy" did not extend to designs "entitled to a design patent *or other federal statutory protection.*" 376 U.S. at 248 (emphasis added). And in *Scott Paper*, non-descriptive trademarks were inferentially indicated as being protectable. 326 U.S. at 256.

Moreover, in more recent cases, such as *Bonito Boats*, this Court has specifically indicated that these older cases do not have a broad preclusive effect, particularly on federal trade dress protection. The *Bonito Boats* Court explained, 489 U.S. at 154:

> [W]hile *Sears* speaks in absolutest terms, its conclusion that the States may place some conditions on the use of trade dress indicates an implicit recognition that all state regulation of potentially patentable but unpatented subject matter is not *ipso facto* preempted by the federal patent laws.

489 U.S. at 154. Similarly, trade dress rights do not impermissibly interfere with the federal patent scheme because they have traditionally been "limited to protection against copying of non-functional aspects of consumer products which have acquired secondary meaning such that they operate as a designation of source." *Id.* at 158.

The right to copy thus exists only for items fully in the public domain, *i.e.*, not protected by any other intellectual property rights or prohibited by other compelling interests. Trademark policy, however, has no prohibition against taking things from the public domain. *See, e.g.*, *The Trade-Mark Cases*, 100 U.S. at 94 ("The trade-mark may be, and generally is, the adoption of something already in existence as the distinctive symbol of the party using it."). The very existence of acknowledged trade dress rights establishes that public domain material may be appropriated as a protectable source identifier. To say that MDI's trade dress is unprotectable because it is in the public domain is inapposite to the realities of trademark and trade dress law.

B. Even If The Supreme Court Cases Can Be Read Broadly, They Are Factually Distinguishable

The, *Bonito Boats*, *Sears*, *Compco*, *Singer*, *Kellogg*, and *Scott Paper* cases are all distinguishable from the case at bar. In *Bonito Boats*, *Sears*, and *Compco*, the Supreme Court examined the relationship between federal patent law and a respective state unfair competition law — not between federal patent law and federal trademark law. As such, the holdings of these cases are not determinative of the present issue. *Bonito Boats* is further distinguishable as the state statute at issue in that case granted patent-like rights "far exceeding any right available under the Lanham Act." *Thomas & Betts*, 138 F.3d at 286.

The *Singer* and *Kellogg* cases likewise have no limiting effect on the scope of federal trade dress law. Unlike the present case, in *Singer*, the "right to make the machine in the form in which it was constructed during the patent" applied because the shape of the machines were dictated by the various patents covering the machine, *i.e.*, the machines were legally functional or generic. Similarly, in *Kellogg* the Court found that the shape of the shredded wheat biscuit in which protectable trade dress

was asserted, was dictated by the patented machines used to produce it. Thus, the shape was legally functional and unprotectable. Conversely, the configuration of MDI's "WindMaster" sign stand is not dictated by the patents as there are a variety of other competitive alternative sign stands on the market. Thus, the principles of *Singer* and *Kellogg* do not support TrafFix's absolute right to copy rule.

Additionally, *Scott* is distinguishable as the case was decided on the issue of assignor estoppel, and the Court's discussion of trade dress law therein is merely dicta. *Thomas & Betts*, 138 F.3d at 287.

III. THE EXISTENCE OF AN EXPIRED UTILITY PATENT DOES NOT FORECLOSE TRADE DRESS RIGHTS IN A PRODUCT DISCLOSED OR CLAIMED THEREIN

A. The Legal Authorities Do Not Support TrafFix's Position

The weight of legal authority and the intent of Congress both strongly oppose TrafFix's positions and arguments. Over the last five years, five Courts of Appeal have had the occasion to address the interaction of trade dress protection and patent law principles, particularly where an expired utility patent was involved. The Fifth, Sixth, Seventh, and Federal Circuits have all held that the existence of a utility patent does *not* foreclose trade dress protection in features disclosed therein. *See Sunbeam Prods., Inc. v. West Bend Co.*, 123 F.3d 246, 256 (5th Cir. 1997), *cert. denied*, 523 U.S. 1118 (1998). ("[T]he fact that the American Classic Mixmaster incorporates functional features named in utility patents does not compel the conclusion that the product configuration is legally functional"); *Thomas & Betts*, 138 F.3d at 288 (reversing the district court's misstatement of the law and holding that "there is no per se prohibition against features disclosed in a patent

receiving trademark protection after the patent has expired"); *Midwest Indus.*, 175 F.3d at 1362. ("[T]he fact that a patent has been acquired does not convert what otherwise would have been protected trade dress into nonprotected matter"); and *Marketing Displays, Inc. v. TrafFix Devices, Inc.*, 200 F.3d 929 (6th Cir. 1999) ("So long as it is possible to protect the appearance without protecting the design, a per se rule is not necessary.")

Only the Tenth Circuit, in the first opinion addressing the issue, reached an opposite result. *Vornado Air Circulation Sys., Inc. v. Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995), *cert. denied*, 516 U.S. 1067 (1996). Even *Vornado*, however, does not support the broad absolute rule sought by TrafFix. Only subject matter which comprised "part of a claim" and a "significant inventive aspect" of the expired patent was prohibited from trade dress protection. *Id.* at 1510. In so holding, it is submitted that the *Vornado* Court did not recognize that distinctive, nonfunctional product features can be separated from the utilitarian features which are the proper subject of a patent. Despite noting that "availability of equally satisfactory alternatives for a particular feature" is "often the fulcrum on which Lanham Act functionality analysis turns", the *Vornado* Court ignored any functionality analysis in reaching its result. *Id.* at 1507. This is unfortunate for the result may have been justified if the Court had found a lack of competitive alternatives to the spiral grill design at issue.

The decisions by the various Circuit Courts of Appeal upholding trade dress rights were buttressed by Congress in 1999 when it amended the Federal Lanham Act to acknowledge trade dress rights for nonfunctional aspects of a product configuration. 15 U.S.C. § 1125(a)(3):

> Section five amends section 43(a) of the Lanham Act to provide that in an action for trade dress infringement, where the matter sought to be protected is not registered with the U.S. Patent and Trademark Office, the plaintiff has the burden

of proving that the trade dress is not functional. A functional feature of trade dress is one that is commonly used by similar business, protection of which would hinder competition. If a mark is registered, there is a presumption that it is not functional. However, for plaintiffs of unregistered marks to be given the same presumption would not promote fair competition or registration. *For example, the owner of a patent that is about to expire may try to register it as a trademark, which receives protection as long as the owner uses it in commerce. This amendment seeks to ensure that marks that are functional are not registered. Functional marks should be dealt with under the patent law. Therefore, it should be incumbent on the plaintiff suing for infringement of an unregistered mark to prove that the mark is not functional.*

H.R. Rep. No. 250, 106th Cong., 1st Sess (1999) (emphasis added). With this statutory amendment, Congress gave specific credence to trade dress protection for nonfunctional product features — regardless of the existence of a patent.

In this case, MDI is not seeking trade dress protection for the product features which were the subject matter of its expired patents, but only for the distinctive nonfunctional aspects of its commercial traffic-type sign stand. The public is not being deprived of the right to copy, except to the extent that it must respect "other federal statutory protection." *Compco*, 376 U.S. at 248.

B. The Existence Of A Patent Has Only Limited Relevance To The Trade Dress Inquiry

1. The Functionality Doctrine Is The Primary Determinative Test

The existence of a patent does not convert what otherwise would qualify as protectable trade dress into nonprotectable subject matter. So long as it is possible — as here — to protect the appearance without unduly hindering competition, then a *per se* rule is not necessary. In fact, the existence of a patent has limited relevance to the trade dress analysis under most circumstances.

Although trade dress rights must also be distinctive and infringed to be protected, the legal functionality test is the primary factor that ensures that trade dress protection in product configurations will not unsettle the foundation of our patent system as surmised by TrafFix. This Court has unanimously recognized that the ultimate test of legal functionality "is whether the recognition of trademark rights would significantly hinder competition." *Qualitex*, 514 U.S. at 170. Therefore, the question is one of need, namely whether competitors are able to effectively compete in the relevant market without need of the product features defining the asserted trade dress. If not, then the trade dress is deemed legally functional and therefore unavailable for protection.

In most cases, there are a wide — if not infinite — variety of ways to embody a claimed invention of a patent. Competitors are thus not limited to any one particular configuration. In such cases, the existence of a patent has little, if any, relevance to the trade dress inquiry. Protecting one competitor's distinctive, nonfunctional embodiment of the patented device does not deprive the public of its ability to use and build upon the teachings of the patent. Only when the product configuration is completely dictated by the claimed invention would trade dress

rights be foreclosed. In such cases, the trade dress doctrine of legal functionality would equate the asserted trade dress with patentable utility. The patent itself may have some relevance in such instances to identify those features where design is dictated by the utilitarian goals of the claimed invention.

In this case, however, there is strong evidence that the trade dress of the "WindMaster" traffic-type sign stands is not legally functional. As set forth in the materials submitted to both the Trial Court and Court of Appeals below, and as admitted by TrafFix's President, Jack Kulp, all of the six other major companies in the marketplace which make spring-mounted sign stands compete effectively in the marketplace against the MDI "WindMaster" sign stands and the TrafFix "WindBuster" sign stands. (Pet. App. 86a-87a; L38-39.) The competing sign stands of these companies each have a different appearance, yet perform equivalently to the MDI "WindMaster" sign stands.

There also was ample evidence by persons skilled in the art that a substantial number of alternative designs are possible, all of which would be equivalent in operation and performance. (J.A. 101; Pet. App. 19a.) The existence of actual or potential alternative designs that work equally well strongly suggests that a particular design is not needed by competitors to effectively compete on the merits. ***In re Honeywell, Inc.***, 8 U.S.P.Q. 2d 1600 (T.T.A.B. 1988) (round thermostat cover held non-functional).

A review of the legislative history of Pub. L. No. 106-43, 113 Stat. 218, quoted above indicates that Congress recognizes that trade dress rights can harmoniously exist in the subject matter of a patent. With the new section 43(a)(3), together with the legislative history, Congress clearly expressed that the

functionality doctrine is determinative and resolves any perceived conflict between the patent and trademark laws.

C. TrafFix Is Unclear As To What Is "Covered" By The Patent

TrafFix does not specifically define what is supposedly dedicated to the public when a patent expires. At different times, TrafFix asserts that anything "covered" by the patent (Pet. Brief 38), anything which is the "subject" or "subject matter" of the patent (Pet. Brief 10-12), or anything which is "described" in the patent (Pet. Brief 43) is *ipso facto* unprotectable trade dress and goes into the public domain. This loose terminology is unfortunate because the differences between the claims on the one hand and the written specification and drawings on the other hand is significant.

1. Unclaimed Subject Matter Was Never Part of the Patent Grant

TrafFix's proposed absolute rule would preclude from trade dress protection *any* material that is disclosed in any way in an expired utility patent — whether a necessary part of the disclosed invention or not. The weight of reason and authority does not dictate such a rule. A patent protects the invention defined by the claims, it affords no protection to features that are merely disclosed. *Dawson Chemical*, 448 U.S. at 221. Thus, recognizing trade dress rights in disclosed, but unclaimed, subject matter will not undermine the patent bargain since inventors neither expect nor receive the right to exclude others from using such matter. In other words, the public does not have to wait until the patent expires to practice its use.

Moreover, trademark/trade dress policy has no prohibition against taking things from the public domain (words, terms, symbols, etc.). *See, e.g.*, *The Trade-Mark Cases*, 100 U.S. at 94. It is permissible so long as the trademark serves as a

unique source identifier. If the trademark is generic, however, then it cannot be exclusively appropriated since there is a competitive need to use the term to describe the product. In the same vein, legally functional trade dress cannot be protected due to a competitive need for the product feature.

In the case at bar, MDI's claimed trade dress in not shown in the drawings of either the '696 or '482 patents, nor described in either of the two specifications (compare L1 with L41-50). Thus, the public was free to make and/or use MDI's traffic-type trade dress at any time during the pendency of its patents — prior to its trade dress acquiring secondary meaning — so long as it did not infringe the claims.[23]

2. Analyzing Claimed Subject Matter Results In a Patent-Like Case

"The patent claims defines the scope of the patent grant." *Markman*, 517 U.S. at 373. Under TrafFix's test, in every trade dress action, the alleged infringer would seek to argue that the asserted trade dress — or portions thereof — is covered by one or more expired utility patents. Such an analysis could turn each case into a lengthy, complicated, and expensive patent-type proceeding, which would at least require a *Markman*-type hearing.[24]

Following a *Markman* hearing, the properly construed claims would then need to be applied to the product trade dress

23. A non-infringing sign stand could have had the same appearance as MDI's "WindMaster" traffic-type sign stand, but not include initial compression between the coils of the spring as required by the '696 patent claims, or meet the geometric relationship required by the '482 patent claims. (L41-50; J.A. 452-53.)

24. Patent claim construction is an issue of law to be determined by the Court. *Markman*, 517 U.S. at 384. In patent infringement suits, the district court typically holds a separate *Markman* hearing to address the claim construction issue.

in the same manner as a patent infringement analysis. *Id.* This second step, however, is a question of fact requiring a jury trial unless waived. *Id.* Also, if the product trade dress did not literally fall within the scope of the claims, it would have to be determined whether it came within the scope of the claims under the Doctrine of Equivalents — which also is a fact question. *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*, 520 U.S. 17 (1997). Thus, TrafFix's position, if adopted, not only would create additional litigation expense, delays and complexity, but would raise constitutional issues with respect to the right to a jury trial. It would also require the Circuit Courts of Appeal to review the district courts' claim construction thereby undermining the Federal Circuit's ability to maintain uniformity in patent law precedent.

In this case, MDI spent many years and considerable resources before receiving an affirmative determination that the Winn-Proof sign stand infringed the MDI patent claims under the Doctrine of Equivalents. *See Winn-Proof*, 697 F.2d at 1321. If no such ruling existed, the parties herein would be required to endure a similar process to determine if the trade dress of the "WindMaster" traffic-type sign stand fell within the scope of the expired patent claims. Only after such a resolution could the remainder of the trade dress issues go forward, and the issues of functionality, secondary meaning, and likelihood of confusion be resolved.

IV. A *PER SE* RULE IS UNWARRANTED AND UNJUSTIFIED

A. A *Per Se* Rule Is Improper

TrafFix urges this Court to adopt a rule essentially declaring that the subject matter of an expired patent is *per se* functional and therefore not the proper subject of trade dress protection. Such a position is legally erroneous for a variety of reasons, as indicated above, and ignores the purposes and policies behind

these distinct intellectual property rights. Such a rule would force manufacturers to select between either patent rights or trade dress rights — which would run counter to the policy of fostering competition that underlies each body of law. Moreover, such a rule would create the nonsensical position that trade dress protection could be available for a product that was never disclosed in a utility patent — although it met the statutory requirements for patentability — but not for a product that was actually disclosed in a utility patent.[25]

B. The Consequences Of A *Per Se* Rule Would Be Harmful

TrafFix's proposed rule of law would upset the harmonious balance struck between the patent laws and unfair competition laws. If everyone suddenly had an unfettered right to copy anything that was the "subject of" an expired utility patent, many product shapes that are without question deserving of protection would no longer qualify for trade dress protection. For almost every famous product shape that the public has come to rely upon as a shorthand source identifier, there likely exists a patent disclosing or depicting the trade dress. For example, the famous and distinctive shape of the Coca-Cola bottle, the Volkswagon Beetle, and the Porsche 911 automobile, just to name a few, are all disclosed in expired utility patents.[26] The Coca-Cola patent, for example, is directed toward a method of securing a label to

25. Such a ruling also would be contrary to the positions of the International Trademark Association (INTA) and the American Intellectual Property Law Association (AIPLA) both of which represent the great majority of intellectual property practitioners in the United States. Even the Justice Department in its amicus brief filed in support of Petitioner does not advocate for a *per se* rule. See amicus briefs of INTA, AIPLA and the United States.

26. U.S. Patent No 6,048,423 (Coke bottle); U.S. Patent No. 3,861,281 (VW Beetle); U.S. Patent Nos. 3,869,166 and 4,801,173 (Porsche 911). (Resp. L. App. Tabs 5-8.)

and claims the "bulbous sidewall region" of the bottle as a required element of the invention. Because the distinctive bottle is "covered by", the "subject matter of" and/or "disclosed in" the patent, according to TrafFix, it cannot qualify as protectable trade dress. Thus, Pepsi Cola or an upstart cola company would be free to market its product in a bottle of the same shape. The resulting consumer confusion and deceit could be substantial. In addition, the reputation and goodwill that Coca-Cola built up for almost 100 years in the unique shape of its bottle would be lost. The resulting price to be paid by the consuming public and the producers of America's most famous brands is too great, and destroys the foundation upon which Lanham Act is based — namely, promoting competition by providing consumers the means to identify the source of goods and services in the marketplace. A further consequence of TrafFix's proposed rule would allow competitors to draft patents disclosing or depicting their rival's trade dress and thereby defeat the rival's trade dress rights.

Also, as a practical matter, TrafFix's proposed rule of law would turn every trade dress case into a patent case by encouraging the accused infringer to search for a patent or patents disclosing the asserted trade dress as an after-the-fact justification for possibly deliberate trade dress infringement. The universe of inventions available in defense includes any of the more than six million issued patents. Without further elaboration of the resulting litigation burden, the consequences are obvious: TrafFix's clear, predictable rule would move far beyond the "litigation petri dish" and act as a plague on the courts.[27]

27. In view of the legal requirements necessary to support a trade dress claim, TrafFix's assertion that anything less than a *per se* absolute rule would lead to a "litigation petri dish" (Pet. Br. 42) and stifle competition is unfounded. To the contrary, as explained herein, a *per se* rule would have much more serious and adverse effects on competition, producers and the public.

If TrafFix's position were adopted, the patent system would suffer significantly, too. The completeness of patent disclosures would be limited out of concern that the disclosure may later prevent enforcement of any trade dress rights in the same type of product which is the subject of the patent. This would discourage the disclosure of alternative embodiments and possibly limit the "best mode" discussion as well. Limiting the description of the invention might also jeopardize the validity of the patent in view of 35 U.S.C. § 112 which requires full and complete disclosure. (Pet. Br. App. 6a.) As a result, the breadth of patents and, hence, their value may be severely reduced. A *per se* rule would, thus, similarly be contrary to the fundamental policies of our patent system.

The calamity invited by examining the relevance of a patent vis-à-vis the asserted trade dress is avoided by resort to the simple alternatives test embodied in the functionality doctrine. If a design is necessary for effective competition in the relevant market, allowing one producer to appropriate it for their sole use would suggest an end run around the principles of the patent system. Such situations can be readily addressed by denying trade dress protection for such designs under the functionality doctrine or appropriately tailoring a remedy for its use by others. Under a competitive alternatives test of functionality, the existence of a patent *per se* is irrelevant; and the parade of horribles invited by its presence, is avoided.

C. A *Per Se* Rule Would Create Other Issues

A broad *per se* rule declaring that the subject matter of any expired patent is incapable of trade dress protection because the public has an absolute right to copy such subject matter further raises several significant issues:

1. To what extent must the scope of the patent be commensurate with the asserted trade dress for the *per se* rule to apply? Does all of the asserted trade dress have to be disclosed

or claimed, or only most of the features, or only the dominant features? Also, could multiple patents be combined to show that all the elements of the asserted trade dress are free for all to copy? Ironically, virtually all trade dress comes from the public domain. Therefore, all trade dress rights could likely be defeated by combining select portions of the "public domain" defined by the expired patent universe.

2. Why should the holding be limited to patents of the party asserting the trade dress? What if the trade dress owner acquired the patents from someone else, or sold the key patent to another prior to asserting the trade dress rights? Should these facts make a difference?

3. What rules of law govern the analysis of what is included in the "subject matter" of the expired patent? What standards apply for infringement under the Doctrine of Equivalents? What if the patent claims are "means-plus-function" or "step-plus-function" claims? How are method and process claims to be handled?

4. Why should the policy be limited to expired patents? All disclosed but unclaimed subject matter stands in the same position as anything else in the public domain.

5. Would such a rule eradicate trade dress rights which were established prior to the patent being filed?[28] Patents are often directed to improvements of established products, and "improvement"-type patents typically show and describe the existing products as the environment for the new invention.

6. Can producers file patent applications disclosing their competitor's trade dress to defeat such rights?

7. Should utility patents be treated differently from design patents which protect only the aesthetic appearance of a product?

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28. This is precisely what could occur in the Coca-Cola example cited *supra*.

In sum, an adoption of TrafFix's position could create numerous real and unintended consequences, including many which would be extremely harmful to consumers and competition.

CONCLUSION

The judgment below should be affirmed. Federal trade dress protection can extend to distinctive, nonfunctional product configurations, regardless of whether they are disclosed or claimed in expired utility patents.

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